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Congressional Information Service
Washington, D.C.

101ST CONGRESS
2d Session

SENATE

REPORT
101-514

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1990

OCTOBER 10 (legislative day, OCTOBER 2), 1990.—Ordered to be printed

Mr. BURDICK, from the Committee on Environment and Public Works, submitted the following

REPORT

[To accompany H.R. 2015]

The Committee on Environment and Public Works, to which was referred the act (H.R. 2015) to amend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965, having considered the same, reports favorably thereon with amendments and recommends that the act as amended do pass.

GENERAL STATEMENT

This legislation amends the programs of the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC) and extends them through fiscal year 1993.

PURPOSE AND BACKGROUND

The Economic Development Administration and the Appalachian Regional Commission were created in 1965 to provide assistance to economically deprived regions of the Nation. EDA assistance is available to all 50 States and the District of Columbia as well as to the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Marianas. ARC assistance is directed toward the 13 Appalachian States.

These programs have assisted State and local governments in generating and retaining jobs and in stimulating commercial and industrial growth. In the case of the Appalachian Regional Commission, construction of a major part of the Appalachian Development Highway System has opened up many otherwise inaccessible areas to economic development. In addition to creation of jobs and expansion of commercial and industrial facilities, human resource

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programs in health, child development, education, housing, and other areas have contributed considerably to the well being of this heretofore isolated segment of the Nation.

Neither of these programs has been authorized since the end of fiscal year 1982. While the Committee on Environment and Public Works has monitored agency efforts in economically deprived areas, the Committee has not acted on previous House-passed authorization bills.

In reporting H.R. 2015, the Committee notes that, while a great deal has been achieved by the programs of EDA and ARC, there remains a continuing need for these programs. A three-year extension of both agencies is warranted.

The Subcommittee on Water Resources, Transportation, and Infrastructure intends to conduct oversight hearings in the 102d Congress on the programs of these two agencies.

AMENDMENTS

1. Eligibility criteria

Section 105 of H.R. 2015 sets out the criteria under which applicants for assistance under title I qualify. The House-passed bill requires areas applying for assistance to meet one or more of the following criteria:

—(1) The area has a per capita income of 80 percent or less of the national average.

—(2) The area has an unemployment rate 1 percent above the national average percentage for the most recent 24-month period for which statistics are available.

—(3) The area has experienced or is about to experience a sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area.

In marking up this legislation, the Committee on Environment and Public Works has amended this section by adding a fourth requirement, as follows:

—(4) The area has a Labor Force Participation Rate of 90 percent or less of the national average.

This additional criterion requires consideration of underemployment rates in addition to the unemployment rates currently cited in the bill. Underemployment is measured by a U.S. Department of Labor statistic entitled the "Labor Force Participation Rate." This is the ratio of the civilian labor force to the total population. The underemployment rate counts those individuals who have either dropped out of the labor force or who are no longer looking for work. The unemployment rate does not count these individuals.

This amendment will permit large urban centers suffering severe economic distress to qualify for assistance under the EDA program.

2. Congressionally mandated projects

A new section 111 is inserted, and the subsequent Title I sections renumbered accordingly. The new section is as follows:

"Sec. 111. Congressionally Mandated Projects.

"Any Economic Development Administration project mandated by Congress must meet the eligibility criteria as defined by the Public Works and Economic Development Act of 1965 as amended."

It has been an accepted practice in recent years to earmark EDA funds in appropriations bills for projects in certain areas which do not meet existing EDA criteria. In FY 1988 and 1989 alone, nine Congressionally mandated projects were so authorized, at a total Federal cost of $9.6 million. Only one of these would have been eligible under EDA's current criteria. This constitutes a severe strain on EDA's limited resources, and diverts funding from qualifying projects.

It is agreed by the Committee that problems within the management of the Economic Development Administration, combined with past practices of earmarking funds for unqualified projects, indicate that further oversight hearings by the Committee are appropriate and ought to be scheduled in the next Congress.

The purpose of this amendment is to preclude the use of appropriated funds for projects which, although mandated by law, do not meet the eligibility criteria of the Public Works and Economic Development Act of 1965, as amended by this legislation.

3. Appalachian highways

Section 205(a) of H.R. 2015 authorizes appropriations for the Appalachian Development Highway System. The Committee has amended this section by striking "$144,000,000", and inserting in lieu thereof "$341,500,000". The amendment thus increases this authorization by $197.5 million for each of Fiscal Years 1991, 1992, and 1993.

4. Buy-American requirement elimination

Section 213 of H.R. 2015 imposed a "Buy-American" requirement on any contracts made pursuant to the issuance of grants by the Appalachian Regional Commission, if determined to be in the public interest.

The Committee has stricken this section from the legislation.

SECTION-BY-SECTION ANALYSIS

A bill to amend the Public Works and Economic Development Act of 1965, and the Appalachian Regional Development Act of 1965.

TITLE I—NATIONAL DEVELOPMENT INVESTMENT

Sec. 101. Short title

Defines title I as the "Public Works and Economic Development Act Amendments of 1990".

Sec. 102. Amendment to Public Works and Economic Development Act of 1965

The Public Works and Economic Development Act of 1965, is amended as follows:

Sec. 1. Short title and table of contents

(a) SHORT TITLE.—National Development Investment Act.

(b) TABLE OF CONTENTS.—

TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

Sec. 101. Findings and purposes.
Sec. 102. Development investment assistance.
Sec. 103. Qualifying applicants and limitations on locations of projects.
Sec. 104. Application for grant.
Sec. 105. Distress requirements.
Sec. 106. Development investment strategy.
Sec. 107. Limitations on revolving loan funds.
Sec. 108. Federal share.
Sec. 109. Limitations.
Sec. 110. Community development corporations.
Sec. 111. Congressionally mandated projects.
Sec. 112. Obligation of funds.
Sec. 113. Authorization of appropriations.

TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

Sec. 201. Investment strategy and planning.
Sec. 202. Evaluation and demonstration.
Sec. 203. Federal share.
Sec. 204. Obligation of funds.
Sec. 205. Authorization of appropriations.

TITLE III—ADMINISTRATION

Sec. 301. Definitions.
Sec. 302. Appointment of assistant secretary.
Sec. 303. Consultation with other persons and agencies.
Sec. 304. Administration of assistance.
Sec. 305. Powers of the Secretary.
Sec. 306. Certification.
Sec. 307. Savings provisions.
Sec. 308. Annual report.
Sec. 309. Prevailing rate of wage.
Sec. 310. Record of applications.
Sec. 311. Records and audit.
Sec. 312. Nondiscrimination requirements.
Sec. 313. Authorization of appropriations.

TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

Sec. 101. Findings and purposes

(a) FINDINGS.—States findings of Congress to be:

That historical and structural economic patterns have brought about disparate economic conditions in the United States; that some communities and areas suffer from substantial and persistent unemployment and under-employment; that among those most severely affected by economic distress caused by structural problems, severe dislocations, or cyclical downturns, are the socially and economically disadvantaged individuals from groups suffering the effects of past and present discrimination; that our trade deficit has increased to serious proportions while our export of manufactured goods has dropped dramatically and our export of industrial jobs has reached an alarming level; that the private sector is the generator of employment an growth but the public sector must reverse infrastructure neglect; that development of a public-private sector partnership to plan and implement development and adjustment activities to ease this distress is in the national interest; and that coordinating and delivering Federal assistance to economically dis-

tressed areas and industries and groups within these areas is crucial to the health of the nation.

(b) PURPOSES.—States Congress declares purposes of the Act are:

(1) To provide Federal aid to distressed areas in planning and financing public works; in promoting business assistance and development activities to foster long-term employment opportunities for the unemployed and underemployed; and benefiting the socially and economically disadvantaged, by stimulating private investment through Federal assistance;

(2) To make the Nation's industrial and commercial resources more competitive nationally and internationally;

(3) To build, rehabilitate and repair public infrastructure where there is inadequate support and encourage private investment;

(4) To rely on State and local governments' capacity to direct their own destinies; and

(5) To foster coordination of resources between the public and private sectors for maximum investment in long-term economic vitality.

Sec. 102. Development investment assistance

Authorizes the Secretary to make grants to applicants qualifying under section 103, for construction, repair, rehabilitation and improvement of public facilities including site preparation measures and the acquisition of land; for revolving loan funds for establishment and growth of business and retention of firms contributing to retaining and expanding jobs; for establishing revolving loan funds for employee stock ownership organizations to prevent economic dislocation, facilitate economic adjustment or contribute to economic diversity and vitality; and to provide technical assistance.

Sec. 103. Qualifying applicants and limitations on locations of projects

Applicants may be States, units of local government, economic development districts, Indian tribes, cities or counties with a population of 50,000 or more, and private or public non-profit organizations within an area of 50,000 or more, for areas which meet at least one of the distress criteria.

A city or county of 50,000 or more population not meeting the distress criteria may apply for a pocket of distress within such city or county if the area meets at least one of the distress criteria.

Provision is also made for consultation and cooperative preparation of grant applications for smaller units of local government.

Sec. 104. Application for grant

Requires an applicant to include local certification of distress and assurances of responsibility to adhere to Federal laws for program and fiscal accountability. The application components include: local certification, a development investment strategy outlining the economic problems and steps to address local need, and a request for assistance. Factors to be considered by the Secretary in judging among applications include: severity of distress, ratio of private sector commitment, degree of supportive State and local government action, potential for addressing the economic problems

as identified through the strategy and the extent that the strategy and activities contribute to long-term economic growth and private sector employment. Prohibits assistance for relocation of industrial or commercial plants and facilities unless such relocation will not significantly and adversely affect unemployment in, or the economic base of, the area of original location.

Sec. 105. Distress requirements

Makes applicants eligible for grants for projects located in areas meeting one or more of the following distress requirements: (1) per capita income 80 percent or less than national average; (2) unemployment rate 1 percent above the national average over the most recent 24-month period; (3) has or is about to experience a sudden rise in unemployment; (4) the area has a labor force participation rate of 90 percent or less of the national average.

Distress must be supported by Federal data when available and in other cases by State data. The most recent data must be used.

Sec. 106. Development investment strategy

Outlines elements to be included in a development investment strategy: (1) must identify the economic problems; (2) give past present and future investments in the area and their sources; (3) take into account available land, public facilities, availability of capital, tax policy on investments, skill of the labor force and the ability of State and local governments to provide financial assistance; (4) address ways to solve the problem; (5) identify the projects and benefits of proposed projects; (6) list public and private resources to be available for projects. Local units of government must consult with State or district in preparation of investment strategy; and (7) demonstrate a representative percentage of participation by minority business.

Sec. 107. Limitations on revolving loan funds

Revolving loan funds established under section 102(a) may only be used for initial or working capital or purchase, rehabilitation or expension of facilities and equipment and when a small amount of capital is needed to complete financing in order to retain small businesses. Applicants must meet distress requirement and loan funds must not be available from other sources. Grants cannot exceed $1 million. Applicants must give assurances that the loan will be repaid, that the funds will be available only for new loans, and that the grantee will administer the fund. The Secretary is to consider the past performance of administrators in awarding grants.

Sec. 108. Federal share

Authorizes up to 50 percent of cost of projects. Additional grants from revolving fund may not exceed amount equal to one-third of funds available from all other sources. The Secretary may waive or reduce the non-federal share for Indian tribes.

The maximum percent of a grant may be increased to 80 percent for an area determined by the Secretary to be one of the most distressed of those meeting the distress requirements of section 105,

except that the Secretary may not increase such percentage for more than 25 percent of the grants made in any fiscal year.

Sec. 109. Limitations

Limits any one State to not more than 15 percent of funds under this Title. Expenditures to Indian tribes in any State are not counted against this limitations. Limits amount which can be obligated to any one applicant to $4,000,000 in any one fiscal year, except for establishment of qualified employee ownership organizations.

Sec. 110. Community development corporations

The Secretary may make grants to community development corporations to assist small businesses by reducing interest rates, the aggregate amount not to exceed $10 million in any fiscal year.

Sec. 111. Congressionally mandated projects

Requires that any Economic Development Administration project mandated by Congress must meet the eligibility criteria as defined by the Public Works and Economic Development Act of 1965 as amended.

Sec. 112. Obligations of funds

The Secretary must obligate between 50 to 60 percent of funds appropriated under this Title by May 31 and the remaining funds by September 30.

Sec. 113. Authorization of appropriations

Authorizes annually $200,000,000 for fiscal years 1991, 1992, and 1993. Not more than 25 percent of amount appropriated shall be expended for grants to establish revolving loan funds.

TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

Sec. 201. Investment strategy and planning

Authorizes the Secretary to make grants for planning, development investment strategies and administrative expenses to States, districts, Indian tribes, counties outside of districts, and cities of 50,000 population or more outside of districts that meet the distress requirements. The Secretary may make grants for the preparation of a development strategy for local governments having a population of 100,000 or more, if the area meets the distress criteria and consults with any Economic Development District within its boundaries. State plans prepared under this section must have active participation of local governments and districts. Other development plans must be consistent with the State plans. Requires coordination of funds and encourages cooperative planning and economic development.

Sec. 202. Evaluation and demonstration

Authorizes the Secretary to conduct evaluations of economic development efforts to determine causes of economic distress and to formulate new efforts to promote economic development. The Secretary may conduct demonstrations to test new ways to increase

productivity and growth to make the steel and related industries more competitive, to encourage use and development of innovative technology and research, to match the labor force with projected labor markets to improve U.S. competitiveness and encourage economic diversity and regional balance. The Secretary is required to report to Congress the results of these demonstration programs within 90 days after their completion. The Secretary is also authorized to make grants to colleges, universities, and other organizations to establish and support programs providing management and technical assistance to businesses and local governments.

Sec. 203. Federal share

The Federal share of grants for planning, preparation of a development strategy or for management and technical assistance may not exceed 75 percent. The non-Federal share for grants to an Indian tribe may be reduced or waived by the Secretary.

Sec. 204. Obligation of funds

The Secretary must obligate 90 percent of funds for the fiscal year for planning and development strategies by December 31. Ten percent is set aside to cover sudden and severe economic dislocation.

Sec. 205. Authorization of appropriations

Authorizes $50,000,000 per fiscal year for 1991, 1992 and 1993. Up to $13,000,000 in fiscal year 1991 and up to $15,000,000 in each of fiscal years 1992 and 1993 shall be available for purposes of section 202.

TITLE III—ADMINISTRATION

Sec. 301. Definitions

Defines for the purposes of the Act the terms economic development district, jurisdictional area, Indian tribe, Secretary, qualified employee ownership organization, small business concern, State, and unit of local government.

Sec. 302. Appointment of Assistant Secretary

Provides for the appointment of an Assistant Secretary of Commerce.

Sec. 303. Consultation with other persons and agencies

Authorizes the Secretary to call together and confer with any persons who can assist in meeting the problems of area and regional unemployment and underemployment. Provides for consultation by the Secretary with other interested departments and agencies.

Sec. 304. Administration of assistance

Provides that no assistance shall be approved under the Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

Sec. 305. Powers of the Secretary

Establishes administration powers of the Secretary including holding hearings; requesting material from other executive departments and agencies; acquiring property; and includes the right to sue and be sued and to establish rules, regulations and procedures.

Sec. 306. Certification

Permits the Secretary to discharge his project responsibilities by accepting a certification from the applicant. The Secretary may also rescind his acceptance of such certification.

Sec. 307. Savings provisions

Authorizes actions by or against the Economic Development Administration to be maintained by or against the Secretary or such other officer of the Department of Commerce as may be appropriate. Provides that all rules, orders, and other actions taken under the Public Works and Economic Development Act shall remain in effect until modified or rescinded by the Secretary.

Sec. 308. Annual report

Requires the Secretary to make an annual report to the Congress.

Sec. 309. Prevailing rate of wage

Prohibits the Secretary from extending any financial assistance to construct any project under the Act without first obtaining assurances that construction laborers and mechanics will be paid prevailing wages in accordance with the Davis-Bacon Act.

Sec. 310. Record of applications

Requires the Secretary to maintain a permanent record of all applications approved for financial assistance.

Sec. 311. Records and audit

Requires each recipient of assistance to keep records prescribed by the Secretary in order to permit an effective audit. Also requires recipients to transmit a report by January 11 and July 11 each year to the Secretary. The January report shall include an audited statement of funds spent during the preceding year which must be in accordance with the Single Audit Act of 1984, as amended, or agency regulations governing audit of nonprofit organizations. Gives the Secretary, the Comptroller General of the United States, or any of their authorized representatives access to all books, documents, and papers of recipients of assistance under the Act.

Sec. 312. Nondiscrimination requirements

Provides that the Secretary cannot discriminate for or against qualified applicants on basis of urban or rural location nor create separate fund allocations for urban or rural areas unless based on relative levels of distress, nor deny applicant because project is located in a State with low unemployment.

Sec. 313. Authorization of appropriations

Authorizes an appropriation for salaries and expenses of $26,000,000 per fiscal year for each fiscal year 1991, 1992, and 1993. Funds to remain available until expended unless otherwise provided by appropriations acts.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Sec. 201. Short title

Cites title as "Appalachian Regional Development Act Amendments of 1990".

Sec. 202. Findings and purposes

Amends section 2, the statement of purpose, of the Act to make clear that ARC funds may also be used for investments in severely distressed and underdeveloped counties that lack financial resources to provide basic services. Also adds a new subsection in which Congress makes the finding that, while substantial progress has been made in reaching the objectives of the Act, changing national and global economies over the past decade have created new problems for rural areas and especially for Appalachia. These problems are not only to provide the infrastructure necessary for economic and human resource development, to develop industry and diversify the regional economy, but also to make Appalachia's industrial and commercial resources more competitive in national and world markets. The purpose of this Act is to provide a framework for coordinating Federal, State, and local initiatives to respond to the competitive challenge through improving manpower skills, applying new technologies for the region's businesses and improving access of the region's businesses to the technological and financial resources necessary to their development, while continuing to provide basic services for the more disadvantaged areas of the region.

Sec. 203. Authorizations for administrative expenses

Amends section 105(b) of the Act to authorize funds for administration expenses of the Commission including the Federal Cochairman and his staff: $3,500,000 per fiscal year for each of fiscal years 1991, 1992, and 1993.

Sec. 204. Extension of lease terms

Amends section 106(7) of the Act to extend authority to lease offices until 1993.

Sec. 205. Highway system

Amends section 201(g) of the Act to authorize $341,500,000 per fiscal year for each of fiscal years 1991, 1992 and 1993. Increases the maximum federal share from 70 to 80 percent for reimbursement of state pre-financed projects approved after March 31, 1979.

Sec. 206. Definitions

Amends section 214(c) to include in definition of grant-in-aid programs eligible for supplementation, programs authorized on or

before October 1, 1994. It also makes clear that those programs for highway and road construction under Title 23 U.S.C. are ineligible for supplementation through section 214.

Sec. 207. Program development criteria

Amends section 224(a) to include as eligible for assistance under section, programs or projects in severely distressed and underdeveloped counties or areas lacking resources for basic services.

Sec. 208. Removal of limitation

Removes limitation in section 224(b) prohibiting assistance for financing industrial plants, commercial facilities, machinery, working capital, or other industrial facilities or to enable plant subcontractors to undertake work previously performed in another area by other subcontractors or contractors.

Sec. 209. Maximum Federal share

Adds a new subsection (d) to section 224 which limits grants to 50 percent of the cost of non-highway projects, but allows the grants to be used to increase the Federal share of the project costs as the Commission determines appropriate.

The Commission may increase the maximum percentage of a grant from 50 percent to not more than 80 percent of the costs of a project approved under this Act for a county which the Commission determines is one of the most distressed counties in the Appalachian region; except that the Commission may not increase such percentage for more than 25 percent of the grants made in any fiscal year.

Sec. 210. Grants for administrative expenses and demonstration projects

Amends section 302(a)(3) by expanding technical assistance grants the Commission may make available: to include technical assistance for business development and stabilization, and application to technologies and productivity improvements; to include in training programs on-site employee training and programs to upgrade employability of the region's people; and to include in demonstration programs, demonstrations of service consolidation and methods of increasing efficiency of local governments, the establishment and operation by States, public agencies or nonprofit organizations of revolving funds for business assistance loans, establishment of business incubators, provision of industrial facilities, and equipment by public agencies and nonprofit organization on terms approved by the Commission and the acquisition and development of land. In the latter instances, terms of such assistance would be required to include recovery of grant funds in the event of resale.

Adds sentence to section 302(b)(1) to make clear that funds in energy enterprise loan funds established under the previously existing authority of section 302(b)(1) can be used for the purposes of section 302(a)(3) including those authorized by these amendments, thus permitting the conversion of the funds provided for the old, narrower purpose to the new purposes. Such conversions would be conditioned upon Commission review and approval.

Sec. 211. Authorization of appropriations for general program

Amends section 401 by extending authorizations of the non-highway programs under the Act for three years through fiscal year 1992 and authorizes appropriations of $37,500,000 per fiscal year for each of fiscal years 1991, 1992, and 1993.

Sec. 212. Extension of termination date

Amends section 405 by extending the termination date for all sections of the Act except 201, the Highway program, from October 1, 1982 to October 1, 1993.

HEARINGS

The Subcommittee on Water Resources, Transportation and Infrastructure held a hearing on H.R. 2015 on September 13, 1990. Testimony was received from Senator John D. Rockefeller, IV (D-West Virginia), the Federal Cochairman and the States' Washington Representative of the Appalachian Regional Commission, the Deputy Assistant Secretary for Economic Development of the Economic Development Administration, and the Deputy Mayor for Finance and Economic Development of the City of New York.

ROLLCALL VOTES

Section 7(b) of rule XXVI of the Standing Rules of the Senate and the rules of the Committee on Environment and Public Works require that any rollcall votes taken during consideration of legislation be noted in the report on that legislation. No rollcall votes were taken on this legislation. H.R. 2015 was approved by voice vote.

COST OF LEGISLATION

Section 403 of the Congressional Budget and Impoundment Control Act requires that a statement of the cost of the reported bill, prepared by the Congressional Budget Office, be included in the report. A copy of that statement follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 5, 1990.

Hon. QUENTIN N. BURDICK,
Chairman, Committee on Environment and Public Works,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 2015, the Public Works and Economic Development Act Amendments of 1990.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2015.

2. Bill title: Public Works and Economic Development Act Amendments of 1990.

3. Bill status: As ordered reported by the Senate Committee on Environment and Public Works, October 4, 1990.

4. Bill purpose: H.R. 2015 would authorize appropriations for fiscal years 1991 through 1993 for the economic development programs of the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). The bill would authorize appropriations of $276.0 million per year for EDA programs and administration and $382.5 million per year for Appalachian development programs and administration.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
EDA:					
Authorization level	276	276	276		
Estimated outlays	64	142	210	193	142
ARC:					
Authorization level	383	383	383		
Estimated outlays	22	117	231	275	227
Total:					
Net authorization level	659	659	659		
Estimated outlays	86	259	441	468	369

The costs of this bill fall within budget function 450.

Basis of estimate: This estimate assumes that the full amounts authorized would be appropriated by early in fiscal year 1991 and by the beginning of each subsequent fiscal year. If this bill were enacted, Sections 111 and 204 of the amended Public Works and Economic Development Act of 1965 would require that EDA obligate 50 percent to 60 percent of its public works funds by May 31 each fiscal year and 90 percent of its planning and technical assistance funds by December 1. As a result of these provisions, we expect that obligations and outlays for the program would occur more rapidly than historical rates.

6. Estimated cost to State and local governments: This bill would not impose costs on state and local governments, but would require matching shares for federal grants. For EDA programs, state and local governments would receive a maximum of between 50 percent and 80 percent of the cost of public works projects, depending on the level of distress of the community; for economic development planning grants, the federal share would be up to 75 percent. Assuming appropriation of the full amounts authorized in H.R. 2015, matching shares for state and local governments could be up to $650 million over the three-year period for the grants authorized by the bill.

For ARC grants, the federal share would be 80 percent of highway projects and 50 percent for all other projects. Between 1991 and 1993, total new state and local matching shares would reach about $370 million for the grants authorized by the bill if the full amounts authorized were appropriated.

7. Estimate comparison: On March 27, 1990, CBO prepared a cost estimate for H.R. 2015 as ordered reported by the House Committee on Banking, Finance and Urban Affairs. This version of the bill would authorize $341.5 million per year for highway construction projects of the ARC, while the previous version authorized $144 million per year.

8. Previous CBO estimate: None.

9. Estimate prepared by: Marta Morgan.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of subsection (4) of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.

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